

## TRANSPORTATION PERFORMANCE AUDIT BOARD

Friday, April 2, 2004  
10:00 AM – 1:00 PM  
Conf Rms B/C - J. A. Cherberg Bldg  
Olympia, Washington

### - Minutes -

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The meeting was called to order by Chairman Doug Hurley at approximately 10:05 AM. Members present were: Ericksen, Haugen, Horn, Hurley, Noguchi, Ostrowski, Pyles, and Romero. Members absent were: Hegstrom, Perteet and Sykes.

#### 1. Report of the Chair

- a. Minutes - The minutes of the 3/18/04 TPAB meeting were approved.
- b. Treasurer's Report - Diane Schwicklerath, LTC Staff, presented the Treasurer's Report. The report was approved.

#### 2. Overview of Department of Licensing Organization and Performance Measures

Fred Stephens, Director, Department of Licensing (DOL), began his presentation by stating that the centerpiece of their mission statement is safety and the centerpiece of their vision is customer service. He briefly explained each of the department's six divisions. He then detailed the daily, annual, and biennial outputs of each of these divisions, as well as the department's agency-wide outcomes. These outcomes include improvements in safety, on-line services, technology advances, and organizational efficiencies. He indicated that the department's productivity has increased 30 percent or more, while their FTE's have remained at a constant or reduced level.

Members discussed the monorail and whether DOL should be involved in a local issue. Concerns were expressed that even though legislation on this issue failed, DOL chose to implement it through WAC. Mr. Stephens indicated that he followed the instructions of the Governor.

Chair Hurley asked about the character of DOL's system and whether or not a performance measurement system is in place. Mr. Stephens indicated that they are currently developing baseline and measurement systems. Jim Fellows, Deputy Director, DOL, pointed out that beginning in July, their internal auditors will be conducting internal audits of these systems on a recurring basis.

Senator Haugen asked what percent of DOL's funding comes from the transportation budget and what percent comes from the general fund. DOL staff responded that seven percent comes from the general fund.

Mr. Fellows indicated that DOL is currently preparing reporting requirements and will distribute those to TPAB members sometime next week.

#### 3. Washington State Patrol Budget - Cost Allocation Study - General Fund vs. Transportation Budget

Jerry Long, House Transportation Committee staff, and Greg Doss, Senate Highways and Transportation Committee staff, briefed the members on the cost allocation proviso in ESHB 1163, the Transportation budget which passed in 2003.

Greg Doss explained that the Washington State Patrol (WSP) is a multi-funded agency that receives both general and restricted revenue. He stated that there has

been some uncertainty with regard to certain functions of the WSP, and what account these functions should be funded from, the emphasis being those activities that should be funded either in general fund or transportation. In 2003, the WSP did an analysis on what activities should be paid for by what funds. This was a difficult process, in that they were asked to do an audit on themselves, and were forced to make assumptions that could change.

Jerry Long briefly explained the WSP's current budget structure, pointing out that there are differences between how the Legislature budgets for WSP and how WSP management actually manages their budget with how they are actually organized. He indicated that if the state moves towards performance based budgeting, wanting to increase accountability, or budgeting based on activities, it would be beneficial to have everything line up so there will be an audit trail through all the different budget functions.

The proviso in ESHB 1163, Section 205, states that the LTC shall consider contracting with JLARC to conduct a targeted performance audit of the WSP. Mr. Long concluded by stating that the TPAB could recommend the LTC to contract with JLARC or an outside consultant for the targeted performance audit, with the audit and report being completed prior to the 2005 legislative session.

Members discussed the proviso and agreed that information resulting from a cost allocation study would assist TPAB in future performance measure reviews or performance audits of WSP, but agreed that the proviso itself is not a performance issue. Therefore, Chair Hurley suggested that TPAB write a letter to the LTC recommending that LTC perform a cost allocation study of the WSP. He suggested an amount of \$25,000 or less as adequate to complete this study.

A motion was passed authorizing the TPAB chair to communicate with LTC Chairman Murray indicating that TPAB supported the funding of a cost allocation study for the Washington State Patrol (WSP), that such a study would aid TPAB's future work in conducting a performance measurement system review of WSP, that the study would be most useful if it engaged both general fund and transportation fund focused legislators and staff, and that given the extensive prior study of this subject and the relative clarity regarding the appropriate revenue source for many items in the WSP budget, TPAB recommended limiting the budget to \$25,000 or less, focusing on those portions of the budget that are in dispute.

#### **4. WSDOT Report on External Reporting Requirements**

Daniela Bremmer, WSDOT, provided members with WSDOT's "Report on WSDOT's Reporting Requirements and Responsibilities to Other Governmental Entities", more commonly referred to as the "Report on Reports". She explained that this report is a result of a request from the TPAB to put together a comprehensive list of all of WSDOT's external reports.

Rich Ybarra, WSDOT, offered his support to TPAB with any help needed to complete its work. He shared his sense that the amount allocated to complete the WSDOT Highways and Ferry's Performance and Outcomes Measures is low.

Mr. Ybarra then discussed the "Report on Reports", explaining that these reports come from a number of different sources, some from systems which were developed 20 years ago, others from desktop databases or spreadsheets. He indicated that if a new integrated system could be developed, those reports that are continued could be done more efficiently and share data more easily.

Members discussed the list of reports, and raised questions as to the purpose of the reports, and the functions they serve. Questions were also raised as to the necessity and cost associated with producing all of these reports.

## **5. Discussion of Future TPAB Review and Audit Topics**

Nate Naismith, LTC staff, and Chair Hurley facilitated a discussion of issues for TPAB to consider in the future. These included:

- Smaller, cheaper performance measurement review of WSP (support)
- Smaller, cheaper performance measurement review of DOL (support)
- A 3-years after the fact review of how we are doing with permit reform (mixed support, but after the WSDOT Highways & Ferries review process)
- The efficacy of the WSP-DOT incident management program (no support)
- The efficacy of commute trip reduction programs (support)
- The underlying cost structure of the ferry system (support, but after the WSDOT Highways & Ferries review process)
- The 33,000 car thefts we heard about from the WSP chief (mixed support)
- The AFIS system: its expansion to date and the cost-benefit of completing the expansions to the whole state (no support)
- In addition, we heard at the last meeting about a legislative interest in having a cost allocation study of the WSP relative to general fund and transportation fund revenue allocations to those costs; that might include other revenue sources as well. (This item addressed in Agenda Item 3)
- Conflict between the federal government's insistence on constrained revenue estimates in regional transportation planning vs. the scale of regional financial needs. An interesting title for that study might be: Is the Federal Government paying its way in Transportation? An alternative title might be: "How much money does Puget Sound need and can we really find it?" (The board asked for clarification on this item)
- Driver License suspensions (It was suggested that the board write a letter to LTC suggesting that LTC consider this issue)
- Driving without insurance (The board agreed to further discuss this issue)
- Review cost of roadway construction as compared to other states (support)
- Review of Nickel projects as they are completed (support)
- Review of concerns with many workers at construction sites standing around (The board agreed this was a question asked by many people, but has no easy answer)
- Is the value engineering and new cost estimating system working (mixed/low support)
- How much work is required to get an RFP out the door to bid (no support)

### **Possible Executive Session: WSDOT Highways & Ferries Review RFP Discussion -**

This item was deferred and will be handled electronically.

The next meeting is scheduled for May 7 in Everett.

The meeting was adjourned at approximately 1:20 PM.